

# **Eden Township**

Lake County, Michigan

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Audited Financial Statements

March 31, 2004

Jay Thiebaut, P.C.  
Certified Public Accountant  
Cadillac, Michigan

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1988, as amended. Filing is mandatory.

Local Government Name (Specify) <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other EDEN TOWNSHIP			County LAKE	
Audit Date MARCH 31, 2004	Opinion Date MAY 25, 2005	Date Accountant Report Submitted to State: JUNE 1, 2005		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) JAY THIEBAUT, PC, CPA			
Street Address 222 HOWARD STREET, PO BOX	City CADILLAC	State MI	ZIP 49601-0807
Accountant Signature 			

**Eden Township**  
Lake County, Michigan  
Contents

	Page
<b>Township Officials</b>	3
<b>Independent Auditor's Report</b>	4
<b>General Purpose Financial Statements</b>	
Combined Balance Sheet-All Fund Types and Accounts Groups	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Fund Types	7
Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual	8
Notes to Financial Statements	9
<b>Supplementary Financial Information</b>	
General Fund-Schedule of Expenditures	14
Agency Fund-Statement of Changes in Assets and Liabilities	16

**Eden Township**  
Lake County, Michigan  
Officers and Trustees  
March 31, 2004

Supervisor

Gary Oetman

Clerk

Barbara Charnes

Treasurer

Evelyn Feldt

Trustee

William Miller

Trustee

Chris Oetman

**JAY THIEBAUT**  
Certified Public Accountant  
P.O. Box 807  
Cadillac, Michigan 49601  
Telephone 231-775-0174

## INDEPENDENT AUDITOR'S REPORT

To the Township Board  
Eden Township  
Lake County, Michigan

I have audited the accompanying general purpose financial statements of Eden Township, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Eden Township, at March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Eden Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

  
Jay Thiebaut P.C.  
Certified Public Accountant

May 25, 2005

## **General Purpose Financial Statements**

**Eden Township**  
Lake County, Michigan  
Combined Balance Sheet  
All Fund Types and Account Groups  
March 31, 2004

	Governmental Fund Types	Fiduciary Fund Type	Account Groups	Totals
	General	Agency	General Fixed Assets	(Memorandum Only)
<b>Assets</b>				
Cash	\$ 145,265	\$ 465	\$ -	\$ 145,730
Due from other funds	465	-	-	465
Capital assets	-	-	86,896	86,896
<b>Total assets</b>	<b>\$ 145,730</b>	<b>\$ 465</b>	<b>\$ 86,896</b>	<b>\$ 233,091</b>
<b>Liabilities and Fund Equity</b>				
<b>Liabilities</b>				
Accounts payable	\$ 910	\$ -	\$ -	\$ 910
Due to other funds	-	465	-	465
<b>Total liabilities</b>	<b>910</b>	<b>465</b>	<b>-</b>	<b>1,375</b>
<b>Fund equity</b>				
Investment in general fixed assets	-	-	86,896	86,896
Fund balance	144,820	-	-	144,820
<b>Total equity</b>	<b>144,820</b>	<b>-</b>	<b>86,896</b>	<b>231,716</b>
<b>Total liabilities and fund equity</b>	<b>\$ 145,730</b>	<b>\$ 465</b>	<b>\$ 86,896</b>	<b>\$ 233,091</b>

See notes to financial statements.

**Eden Township**  
Lake County, Michigan  
Combined Statement of Revenues, Expenditures and Changes in  
Fund Balances - All Governmental Fund Types  
Year Ended March 31, 2004

	<u>General</u>
Revenues	
Taxes	\$ 50,181
State sources	26,134
Charges for services	900
Interest	534
Other	<u>2,807</u>
Total revenues	<u>80,556</u>
Expenditures	
General government	
Board	10,817
Supervisor	6,018
Assessor	6,710
Clerk	6,345
Board of review	667
Treasurer	11,656
Elections	1,088
Buildings and grounds	18,040
Cemetery	2,928
Parks and recreation	<u>4,998</u>
Total expenditures	<u>69,267</u>
Excess of revenues over expenditures	11,289
Fund balance-beginning of year	<u>133,530</u>
Fund balance-end of year	<u>\$ 144,819</u>

See notes to financial statements.



**Eden Township**  
Lake County, Michigan  
Combined Statement of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
General and Special Revenue Fund Types  
Year Ended March 31, 2004

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 47,475	\$ 50,181	\$ 2,706
State sources	28,362	26,134	(2,228)
Charges for services	-	900	900
Interest	448	534	86
Other	-	2,807	2,807
Total revenues	<u>76,285</u>	<u>80,556</u>	<u>4,271</u>
Expenditures			
General government			
Board	20,000	10,817	9,183
Supervisor	8,000	6,018	1,982
Assessor	8,000	6,710	1,290
Clerk	8,000	6,345	1,655
Board of review	2,000	667	1,333
Treasurer	12,000	11,656	344
Elections	1,500	1,088	412
Building and grounds	35,000	18,040	16,960
Cemetery	5,000	2,928	2,072
Parks and recreation	5,000	4,998	2
Total expenditures	<u>104,500</u>	<u>69,267</u>	<u>35,233</u>
Excess of revenues over (under) expenditures	(28,215)	11,289	39,504
Fund balance-beginning of year	<u>133,530</u>	<u>133,530</u>	<u>-</u>
Fund balance-end of year	<u>\$ 105,315</u>	<u>\$ 144,819</u>	<u>\$ 39,504</u>

See notes to financial statements.

**Eden Township**  
Lake County, Michigan  
Notes to Financial Statements  
March 31, 2004

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Eden Township conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**Reporting Entity**

Eden Township is a municipal entity governed by an elected board. As required by generally accepted accounting principles, these general purpose financial statements present the primary government of Eden Township. There are no other organizations that are considered to be component units of the Township; therefore, the Township's reporting entity consists only of the primary government and does not include any component units.

**Basis of Presentation - Fund Accounting**

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. The various funds and account groups are categorized and described as follows:

**Governmental Funds**

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

**Fiduciary Funds**

Agency Funds are used to account for assets held by the Township as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Township has an Agency Fund, which is used to account for property tax collections.

**Eden Township**  
Lake County, Michigan  
Notes to Financial Statements  
March 31, 2004

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Account Groups**

General Fixed Asset Account Group - All the fixed assets of the Township are accounted for in this account group, rather than in the governmental funds. Items included in this Account Group must be tangible, possess a life longer than one year and have a significant value. All fixed assets are valued at cost or estimated historical cost if the actual amounts are not available. No depreciation has been provided on the general fixed assets.

Account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

**Basis of Accounting**

All governmental and agency funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual; that is, when they become both "measurable" and "available to finance expenditures of the current period". Property taxes are recorded as revenue when levied. Delinquent property taxes, which are considered unavailable to finance expenditures, are not material. Expenditures are recorded when a liability is incurred.

**Budget and Budgetary Accounting**

The Township follows these budgeting procedures that are in accordance with Michigan Statutes:

1. Budgets are adopted for the governmental funds.
2. Budget appropriations are adopted before the beginning of each fiscal year.
3. Both budgeted and actual financial results cannot incur a deficit (including an available unappropriated surplus).
4. Amendments to the budget are made prior to over expenditures and before the fiscal year end.
5. Budgets reported in the financial statements are at the revenue and activity level as adopted by the Township that is on a basis consistent with generally accepted accounting principles.

**Eden Township**  
Lake County, Michigan  
Notes to Financial Statements  
March 31, 2004

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

At March 31, 2004, all cash and cash equivalents were on deposit with federally insured depository institutions. The bank balance of \$88,824 was covered by federal depository insurance. The certificates of deposit of \$19,488 were covered by federal depository insurance.

The Township Board has authorized cash and cash equivalents to be in federally insured depository institutions. These cash accounts can be checking, savings, money markets, or certificates of deposit with original maturities of three months or less. Additionally, the Township Board specifically authorizes each depository institution.

**Total Columns on Combined Statements-Overview**

Total Columns on the Combined Statements-Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by Eden Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2004, the Township carried commercial insurance to cover all risks of losses. The Township had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

**NOTE 2 - PROPERTY TAX**

Property taxes attach as an enforceable lien on property as of December 1. Taxes are due and payable from December 1 to March 1. All delinquent real property taxes are purchased by the county tax revolving fund sometime in May or June of each year so that the Township collects 100% of the real property tax levy. Delinquent personal property tax is immaterial and is not recorded until collected.

**Eden Township**  
Lake County, Michigan  
Notes to Financial Statements  
March 31, 2004

**NOTE 3 - CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance 04-01-03	Net Additions	Balance 03-31-04
Land	\$ 1,070	\$ -	\$ 1,070
Buildings	8,000	9,508	17,508
Improvements	28,715	-	28,715
Equipment	16,088	9,615	25,703
Office equipment	<u>8,728</u>	<u>-</u>	<u>8,728</u>
Totals	<u>\$ 62,601</u>	<u>\$ 19,123</u>	<u>\$ 81,724</u>

**NOTE 4 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

Michigan Statutes provides that a township shall not incur expenditures in excess of the amount appropriated.

The unfavorable variances as shown on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, are not considered material violations as described in Michigan Statute due to the conditions and events that gave rise to these variances and the adequacy of the budgetary system.

**Supplementary Financial Information**

**Eden Township**  
Lake County, Michigan  
General Fund  
Schedule of Expenditures  
Year Ended March 31, 2004

Expenditures

General government

Board

Personal services	\$ 2,400
Employer's share of fica	138
Supplies	730
Other services and charges	2,262
Professional and contractual	1,084
Insurance and bonds	<u>4,203</u>
Total board	<u>10,817</u>

Supervisor

Personal services	5,500
Employer's share of fica	383
Other services and charges	20
Transportation	<u>115</u>
Total supervisor	<u>6,018</u>

Assessor

Supplies	410
Professional and contractual	<u>6,300</u>
Total assessor	<u>6,710</u>

Clerk

Personal services	5,850
Employer's share of fica	<u>431</u>
Total clerk	<u>6,345</u>

Board of review

Personal services	600
Employer's share of fica	46
Other services and charges	<u>21</u>
Total board of review	<u>667</u>

Treasurer

Personal services	10,044
Employer's share of fica	655
Supplies	651
Other services and charges	115
Transportation	<u>190</u>
Total treasurer	<u>11,655</u>

**Eden Township**  
Lake County, Michigan  
General Fund  
Schedule of Expenditures  
Year Ended March 31, 2004

Elections	
Personal services	704
Other services and charges	234
Transportation	<u>150</u>
Total elections	<u>1,088</u>
Buildings and grounds	
Personal services	3,425
Employer's share of fica	446
Supplies	1,100
Other services and charges	5,570
Transportation	30
Utilities	4,970
Capital outlay	<u>2,499</u>
Total buildings and grounds	<u>18,040</u>
Cemetary	
Personal services	1,845
Employer's share of fica	141
Supplies	920
Other services and charges	<u>22</u>
Total cemetary	<u>2,928</u>
Total general government	<u>64,268</u>
Parks and recreation	
Supplies	84
Utilities	108
Capital outlay	<u>4,173</u>
Total parks and recreation	<u>4,999</u>
 Total expenditures	 <u>\$ 69,267</u>



**Eden Township**  
Lake County, Michigan  
Agency Fund  
Statement of Changes in Assets and Liabilities  
Year Ended March 31, 2004

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Current Tax Collection Fund				
Assets				
Cash	\$ 1,004	\$ 490,691	\$ 491,230	\$ 465
Liabilities				
Due to general fund	\$ 1,004	\$ 37,498	\$ 38,037	\$ 465
Due to fire fund	-	22,946	22,946	-
Due to state	-	1,184	1,184	-
Due to county	-	206,308	206,308	-
Due to schools	-	177,573	177,573	-
Due to intermediate school	-	45,182	45,182	-
Total liabilities	\$ 1,004	\$ 490,691	\$ 491,230	\$ 465

**JAY THIEBAUT, P.C.**

CERTIFIED PUBLIC ACCOUNTANT

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Cadillac, Michigan 49601

Fax 231-775-6451

Township Board  
Eden Township  
Lake County, Michigan

In planning and performing my audit of the general purpose financial statements of Eden Township for the year ended March 31, 2004, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control structure. However, I noted certain matters involving internal control and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control that, in my judgment, could adversely affect Eden Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

1. The bi-annual audit required by the state has to be completed within 6 months of the Township's fiscal year end.
2. Monthly payments should be paid from the Tax Fund to the General Fund for taxes collected.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended solely for the information and use of the Township Board, management and others within the administration of Eden Township.



Cadillac, Michigan  
May 25, 2005